

PX 437

From: Brad Garlinghouse <[REDACTED]@ripple.com>
Sent: Friday, December 01, 2017 2:18 PM
To: Leadership
Subject: meeting with coinbase

Team,

[REDACTED] the new COO at Coinbase just left the office. It was a productive meeting. I was very direct about the implications of Coinbase's current listing approach on our decision making.. (apologies for some of this being a little non-linear! Ultimately the conclusion is a relatively good one - we are getting traction and closer to a commitment from Coinbase)

[REDACTED] shared a few things of note:

1) today is his first official day at Coinbase. not sure how to take the fact that [REDACTED] has him here on his first day. Or that he chose to spend his first day over here! It sounds like he's been involved - via [REDACTED] - as an advisor to the company and only in the last 6 weeks did he really talk to [REDACTED] about joining as COO. (he shared that they now have 200 employees)

2) they had a board meeting two days ago and in that meeting agreed that they are fundamentally changing their listing approach on the exchange. In effect they are unbundling their offering such that each piece competes independently. They will have a custody business, an exchange business, a brokerage business, a market making business (and one other he noted that I didn't write down). Each 'product' will compete on it's own merits. As an example - the market making business will work within - and outside of - the coinbase system.

3) He indicated multiple times that he sees no reason why XRP wouldn't be listed on their exchange. (he expects most of the top 100 to be on the exchange). Whether or not what's on the exchange is exposed via 'brokerage' was apparently a different question.

I shared that our own analysis of their listing criteria didn't make it readily obvious that XRP would be listed. In fact I shared with him that some at Ripple felt the criteria were designed to exclude XRP (more on the dynamic between the companies later). I was also clear that if we didn't know relatively soon (weeks) that we met the criteria to be listed - then we would need to make decisions that assumed we would not be listed.

In order to be listed they expect a 'listing fee' from all players to cover their costs. (I was transparent with him that we have previously offered \$5m US to increase the prioritization / impact the decision about listing XRP). They also are expecting to be supplied with XRP (or any token listed) in order to help with market making immediately after listing. We loosely discussed a loan / option structure.

We openly discussed some of the history and perception at Coinbase about Ripple. He acknowledged that some at Coinbase have viewed Ripple as "scheisters" (his word) - but that rational thinking was ruling the day and they are taking a neutral POV on the exchange.

We agreed that the meeting next Friday should be used as a working meeting towards evaluation of whether XRP meetings the Coinbase criteria. Patrick is on point... I do not plan to join. Patrick - i believe you are in touch with [REDACTED] already - but let me know if not.

Brad

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